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December 1961

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Rural Scene in India

What's New in Agricultural Exports?

Agricultural Unrest in France

Trade with Cuba

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

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The Protectionist Route

The expiration of the current U.S. trade agreements program is June 30, 1962. This has been a program aimed at achieving liberal reciprocal trade relationships with other nations. Unfortunately, as the U.S. considers renewal of this important program, it does so in an atmosphere too often clouded by increasing—rather than decreasing—restraints on trade.

"It has been disappointing," writes Mr. Raymond A. Ioanes in this issue's lead article, "to find that customs unions, like individual countries, also seem to be traveling the protectionist route."

From the start these unions have had the warm approval of the U.S. Government. On an overall basis they strengthen the Free World, and separately contribute to higher levels of economic activity for their members.

This certainly has been the case with the Common Market. Today this European group is a dynamic, going concern. So profitable has it been for the six member countries that the United Kingdom, Ireland, and Denmark already have announced their intention of seeking admission. Should other West European nations follow their lead, the Common Market could eventually include countries which are now aggregate customers for well over $2 billion worth of U.S. farm products.

It is in the Market's proposed agricultural policies that disappointment lies. Certain protectionist plans have emerged.

In this connection, Secretary of Agriculture Freeman said recently in Brussels, "American agriculture is concerned over the possibility of a restrictive import policy on the part of the Common Market which could reduce our sales to the area of wheat, rice, feed grains, livestock products, poultry, tobacco, certain fruit items, and possibly others. We believe these proposals to be contrary to the trade-expansive spirit of the General Agreement on Tariffs and Trade to which the European Community has subscribed."

Cover Photograph

Harvesting grains in India. While India's farmers do manage to grow most of the food they need, there is a gap between food grain output and consumption. (See story on page 17.)

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What's New in Agricultural Exports?

In answering this question at USDA's National Outlook Conference last month, *Raymond A. Ioanes*, Deputy Administrator, FAS, analyzed today's foreign situation as it relates to our agricultural trade. This article is adapted from his talk.

Any adequate answer to the question "What's new in agricultural exports?" calls for an appraisal of the foreign situation as well as the American response to it. Economic and political forces overseas affect our agricultural exports favorably or unfavorably. Our export policies and programs, in the final analysis, must be designed to take advantage of or cope with, as the case might be, the foreign situation that exists.

The foreign keynote is change. Old questions are being considered in new contexts. Established institutions are being challenged and replaced. These overseas developments inevitably are influencing U.S. trade.

A general trend toward economic growth in the world is enhancing demand for U.S. food and fiber. At the same time, agricultural protectionism is offsetting to some extent the full potential of economic progress. This collision of forces is especially apparent in the European Common Market.

Political trends overseas continue to be felt elsewhere. Cuba's drift into the orbit of the Soviet Bloc has diminished trade between that country and the United States. On the other hand, the desire of the United States to use food as an instrument of foreign policy against communism has increased agricultural trade—on a non-dollar basis—with many other Latin American countries.

Agricultural export policies and programs must be tailored to the existing foreign situation. We make our strongest market development efforts in the economically advanced countries that can buy from us for cash. That's good American business practice. If trade restrictions persist, we step up our efforts to gain greater access to the protected markets. For the countries lacking dollar purchasing power, we are continuing with such special programs as sales for foreign currencies, barter, credit sales, and donations.

Export figures compiled by the International Monetary Fund indicate that the world as a whole is in a period of economic development. There are abundant signs that this economic growth will continue.

The Common Market has become a major factor in the business prosperity of Western Europe. Enlargement of this free trade area with admission of the United Kingdom and Denmark as full members, plus membership or association of other Western European countries, is a distinct possibility. Economic development also is moving forward in Asia, Africa, and Latin America, much of it made possible by U.S. contributions of cash, commodities, and services.

Development creates, of course, an economic "climate" favorable to trade, including exports of U.S. farm products. We obviously can make substantial earnings of dollars or of other currencies readily convertible to dollars. Economic development in many countries of the world must precede dollar trade.

Although their long-range prospects are favorable, a great many countries of the world are far from reaching the point where their economies will be self-sustaining. U.S. agricultural exports to these less-developed countries must continue to be carried on under special programs—concessional sales, barter, dollar credit, and grants. Perhaps our imports from such areas will need to be carried out under new types of stabilizing agreements.

Agricultural Protectionism

I am sorry to say that economic development, though an essential ingredient to dollar trade, does not automatically guarantee U.S. farmers dollar export markets. Far from it. Most of the well-heeled, developed countries of the world indulge in agricultural protectionism of one kind or another. The trade barriers erected by the "dollar" countries take many forms—variable tariffs, quotas, embargoes, and the like. They tend to keep U.S. food and fiber from competing on a fair basis in potentially lucrative cash markets.

It has been disappointing to find that customs unions, like individual countries, also seem to be traveling the protectionist route. It is disappointing because the United States has given strong support to the formation of customs unions. It has seemed to the United States—and still does—that regional integration will strengthen the Free World on an overall basis.

The general idea of integration is to eliminate tariffs and other barriers to trade within the area, to permit the free movement of labor and capital, and otherwise to assure the same kind of commercial activity that would be carried on if the member countries were states of a bigger nation. Integration actually has contributed to higher levels of economic activity and rising standards of living. This has been in line with American expectations and hopes.

However, the United States also has expected that all segments of the American economy would participate in the increasing prosperity growing out of regional integration. That is one of the principal premises on which U.S. support and encouragement of customs unions has been based. Although many of the bright expectations of the United States have been realized, the agricultural side of the picture is not bright at the present time. Protectionism is in the air.

Protectionist plans of the European Economic Community—the Common Market—are of particular interest to U.S. farmers. The Common Market area is a densely populated, highly developed industrial complex made up, at present, of six countries—France, West Germany, Italy, Belgium, Netherlands, and Luxembourg. It is the world's leading importer of agricultural commodities. In 1960, U.S. farm product exports to the Common Market had a value of $1.1 billion.

Essential to the formation of a Common Market in Europe, of course, has been the development of a common agricultural policy. It is this phase of the integration movement which most directly concerns our future trade in agricultural commodities.

In the nearly 4 years since the Common Market came into being, only limited progress has been made in developing such a policy. However, protection proposals have emerged. And they are disturbing, to say the least. Under them, a number of important U.S. farm products would be subject to protective devices of one type or another.

For example, variable import levies would be used to make up the difference between a fixed target price for domestic production and the world market price for wheat, rice, feed grains, sugar, and certain livestock, poultry, and dairy products.

That's not all. In the case of some commodities for which fixed tariffs are proposed, special market regulations, preferences for overseas or associated territories, and quantitative emergency restrictions are planned. Tariffs on some other products would be at much higher levels than at present.

All these plans can only be described as trade restrictive rather than trade expansive. They would serve to insulate the domestic agriculture of the Common Market area from the competition of international trade. They would recognize self-sufficiency as a goal. Because they do these things, the current protectionist plans of the Common Market are viewed by the United States Government as not being in harmony with the principles set forth in the General Agreement on Tariffs and Trade—an agreement to which the Common Market countries and the United States are signatory.

Market Promotion

Prosperity in many countries of the world has created a favorable export climate for U.S. agricultural exports. To take advantage of opportunities, we are carrying on in the "dollar" countries a positive, hard-hitting program of agricultural market promotion. This work is a joint effort of more than 40 agricultural and trade groups, which work with the Foreign Agricultural Service.

Promotion activities are in operation in more than 50 countries. Part of the work is financed with foreign currencies generated under Public Law 480 activities, but cooperating groups also contribute to the cause. Virtually all U.S. commodities available for export sales are represented.

We are making headway in "cracking" the dollar markets of the world. In the fiscal year 1961, sales of U.S. farm products for dollars had a value of $3.4 billion—equal to the record. That figure of $3.4 billion represented about 70 percent of the total value of all U.S. agricultural exports in the 12-month period.

Special Programs

What has been the U.S. response to the lack of economic development—to the dearth of dollar purchasing power in Asia, Africa, and Latin America.

The response has been government-sponsored and financed export operations under Public Law 480. These programs, sales for foreign currencies, barter, credit sales for dollars, and outright donations are well established and need little explanation. Taken together, they pretty largely represent the Food for Peace program. In the fiscal year 1961, the value of agricultural exports under government programs was $1.5 billion—30 percent of the farm products export total.

Public Law 480 has been extended through December 31, 1964. The extension provides Title I authorization—sales for foreign currencies—of $4.5 billion in terms of reimbursement to the Commodity Credit Corporation, with a maximum of $2.5 billion in agreements which may be entered into during any calendar year. The extension provides Title II authorization—commodity grants—of $300 million annually, plus any carryover for calendar years 1962 through 1964.

There is a growing feeling that the great food-producing capacity of the United States can be used with increased effectiveness in meeting world food needs. But the multilateral approach must be considered too.

The effectiveness of an international approach in the field of agricultural production has been demonstrated by the Food and Agriculture Organization, the Colombo Plan, and the Inter-American Institute of Agricultural Sciences. This fall, the Food and Agriculture Organization, with United States' encouragement, is exploring a program for starting multilateral distribution of commodities. The objective is to improve and increase the utilization of available supplies with contributions of commodities, funds, and services to an international operation. International commodity agreements, to the extent that they stabilize prices, can also help to strengthen the economies of underdeveloped countries that depend primarily on agricultural exports to generate foreign exchange.

A multilateral approach could well encourage other surplus-producing countries to share their abundance in the interests of helping the world's needy. The United States alone cannot feed the world, that is certain. If all of our widely publicized food stockpiles were made available to people with inadequate diets, they would not close the nutritional gap for even one year.

Trade Liberalization

It is U.S. trade policy to encourage expanded world trade on a multilateral nondiscriminatory basis, at moderate levels of tariffs, principally through the operation of the Reciprocal Trade Agreements Program. Under this program, the United States has joined with 39 other nations in a General Agreement on Tariffs and Trade (GATT).

The United States uses the GATT forum to press for liberalization—that is, for relaxation, elimination or removal of nontariff trade barriers erected against industrial and agricultural commodities. The residue of nontariff import restrictions still in force affects principally agricultural commodities; and, consequently, attention within the U.S. Government, as well as within the GATT, has been focused on liberalizing trade in the agricultural sector.

In 1960 a number of commodities has been given greater access to some markets. These commodities include canned fruit, fresh citrus fruit, poultry, certain cheeses, vegetable oils, lard, canned beef and meat sausage, corn, oats, rye, and certain grass seeds. This is progress, certainly, but much more remains to be done. Many major restrictions remain. These we must continue to attack.

Faces of farmers at a cattle market in Auvergne reflect something of the irritation being caused by France's farm problem. Meat is one of the new postwar surplus products.

Photos courtesy French Ministry of Agriculture

Agricultural Unrest In France

By ELFRIEDE A. KRAUSE
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French farmers have been making the headlines during recent months. In numerous demonstrations, they have expressed their discontent over their failure to share fully in France's growing prosperity. They have seized townhalls and blocked roads and railroads. They have destroyed or given away farm products in protest against the low prices they receive. Last summer they even posted signs along the main roads and fields to show vacationers how low these prices were, compared with those received by other European farmers, with prices paid by city consumers, and with the cost of items farmers must buy.

At the insistence of farm organizations, Parliament agreed to hold a special session in early September for the express purpose of dealing with the farm problem. However, the government, on constitutional grounds, prevented Parliament from enacting any legislation at this special session, and most of the members walked out. Tension between the farmers and the government increased.

Since October, Parliament has been in regular session. The farmers again are bringing all possible pressure for action to improve their situation. While the government is determined to prevent further disturbances like the demonstrations of last spring and summer, this may be difficult.

The Farmers' Problems

Representatives of the various farm groups supporting the demonstrations have displayed a lack of unanimity on their objectives. The most important, judging by the frequency of mention, appear to be the following: Higher prices, increased social security benefits, improved marketing facilities, the increased exports to the European Economic Community (Common Market) that they have been led to expect, restrictions on imports of farm commodities, and a greater voice in government agricultural policy.

The basic cause of the French farmers' discontent is a familiar one in many countries: Not only do farmers receive a smaller per capita income than urban workers, but nonfarm income is growing faster than that of the farm community. About 23 percent of the French population is dependent on agriculture, but agriculture accounts for only 13 percent of the national income. Studies made by France's National Institute of Statistics and Economic Studies show that income per person engaged in agriculture increased by only 23 percent from 1949 to 1958 (in terms of constant francs), as compared with an average increase of 46 percent for other sections of the French economy. Yet per capita agricultural output increased 48 percent during this period.

There are a number of explanations for this relatively unfavorable position of the French farmer. The fun amental problem is that France has too many farmers for efficient application of modern farm technology. French agriculture is now in the very early stages of a development toward

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Based on dispatches and reports from Dr. Paul G. Minneman, U.S. Agricultural Attaché in Paris.

Chickens in Burgundy. This farm wife gets far less for her chickens than her city sister has to pay for them at market.

Wheat harvest in Brittany. Though France has cut acreages, it now has large exportable surpluses—and a price problem.

larger farms (and fewer farmers) comparable to that in the United States in recent decades, and it is starting from a much lower base. Over half of the 2.2 million farms in France have less than 25 acres of land, excluding woodland; about one-sixth have less than 5; less than 5 percent have more than 125. It is particularly significant that most demonstrations have been in regions of very small farms, especially in Brittany and in the south.

The major immediate cause of the current farm crisis in France, however, is surplus farm production. It has been government policy since the early 1950's to increase agricultural production, not only with the purpose of reducing imports and still meeting the larger domestic demand, but also with the expectation of increasing exports.

Ten years ago France had no regular net surpluses of any kind of grain, sugar, meat, dairy, or other livestock products except a small amount of cheese. Now it has surpluses of all these products. and last spring, as a result of unusually good weather, there were in addition surpluses of early fruits and vegetables.

Most of these surpluses result from increased yields per acre and per animal—a consequence of the technological progress which has been encouraged by high support prices. The average grain yield in France during the past 3 years was two-thirds above the prewar average. The acreage planted to grain has actually been reduced one-sixth since prewar, but production has increased nearly two-fifths, providing a large export surplus. Meat production has increased by nearly one-half, while the number of consumers in France increased by only about one-tenth. Even though meat consumption per capita has gone up substantially, the domestic market has not absorbed the entire increase.

The surpluses depress the market and provide farmers with obvious causes for complaint. However, to dispose of them is costly to the government. Though French prices are among the lowest in the Common Market, they are well above world market prices, and the government has to pay export subsidies in most cases to dispose of the surpluses. Meeting the farmers' demands for higher prices would simply add to the cost of export subsidies.

Farmers also complain about the spread between prices they receive and retail prices paid by consumers. For some commodities, like fruits, vegetables, and poultry products, this spread is very wide.

Recent Government Measures

The government has not turned a deaf ear to the complaints of the farmers; on the contrary, during the past summer it took numerous steps designed both for immediate and for long-range results. Measures aimed at immediate results include provision of larger funds to support prices for beef, butter, cheese, powdered milk, and wine; establishment of minimum prices for early potatoes and peaches; reduction of certain freight rates; reduced assessments on sugar beets; export subsidies on poultry and tomatoes; and increases in minimum or fixed prices for grains, wine, and milk.

The government in the summer of 1960 had already passed a series of laws designed to improve the long-term situation (see *Foreign Agriculture,* September 1960). This past summer several more such measures were announced. These provided for increased participation of farm organizations in determining government policy; creation of a central buying organization through which schools, hospitals, and government agencies such as the army can buy food directly from producer organizations; establishment within the next 3 years of 26 central markets for agricultural products in various regions; studies to determine the minimum economic size of farm units in each area; creation of local organizations to acquire land from retiring farmers and redistribute it in order to increase the size of small farms; and increased industrialization in rural areas, for alternative employment.

The government also announced that it was preparing drafts of four new laws to be submitted at the current regular session of Parliament. One defines the formula to be used in

Above, peach packing in Provence. Fruits and vegetables are among the products for which farmers complain of inefficient marketing and a big gap between farm and retail prices.

Right, market in Brittany. Government may suggest regional organizations for marketing farm products.

finding the target price for each product; another increases social security benefits to farmers; a third creates a special organization to buy, with priority rights, any suitable land for sale and make it available for increasing the size of small holdings; and a fourth creates regional marketing organizations.[1]

Farm organizations have exerted considerable pressure for resumption of the earlier price indexation system by which target prices were automatically increased to correspond with increases in the indices of prices for industrial products used in agriculture, retail prices except foodstuffs, and agricultural wages. However, the government has made it clear that it has no intention of reverting to this system, which was discontinued when other important economic stabilization moves were adopted shortly after de Gaulle came to power. Moreover, the government has stated that support prices will in future be based on the production costs of efficient farms, and that small farmers will obtain relief by means other than prices.

Effect on U.S. Farmers

One immediate effect of French farmers' discontent is increased resistance to further liberalization of imports of farm products into France. However, the major effect on the United States is likely to be increased competition from French exports of agricultural products.

France's new Minister of Agriculture, M. Edgard Pisani, recently declared that the solution of the French farm problem lies "beyond our frontiers"—that if French agriculture cannot find export markets, its problem is insoluble, since the government cannot assume the costs of continuing surplus production. He also has repeated the statement made frequently by French officials during the past year, that unless the EEC adopts a common agricultural policy by the end of 1961, France cannot agree to the implementation of the Common Market's second phase, scheduled to begin on January 1, 1962. He made it clear that he counts on the EEC countries to take greater quantities of French farm products; he even hopes to expand French agricultural exports to the United States.

He has cautioned French farmers, however, to adapt their production to the needs of the export market. Funds for export market promotion have recently been increased substantially, and new export promotion organizations have been created.

France has come to the realization that its agricultural surpluses are not a short-run problem. Attention is therefore now focused on the export problem and the relationship between domestic prices and world market prices. While French farmers have been led to expect increased export outlets in EEC countries, materialization of these expectations has been disappointingly slow. The reasons for pressing toward the adoption of a common agricultural policy that would give preference to member countries are obvious.

From the U.S. point of view, it is at least gratifying that, in spite of strong pressures from farm interests, the French Government has opposed sharp increases in price for French farm products. Regardless of the prices established, French farm products will offer increased competition to ours in Common Market countries, since they will have a preferred position there. Nevertheless, France, if it holds out in opposition to prices closer to the high German and Italian levels (which are well above the French level for a number of commodities), may at least keep in check a further uneconomic expansion of production that would cut still more into the market for U. S. agricultural products in the EEC countries.

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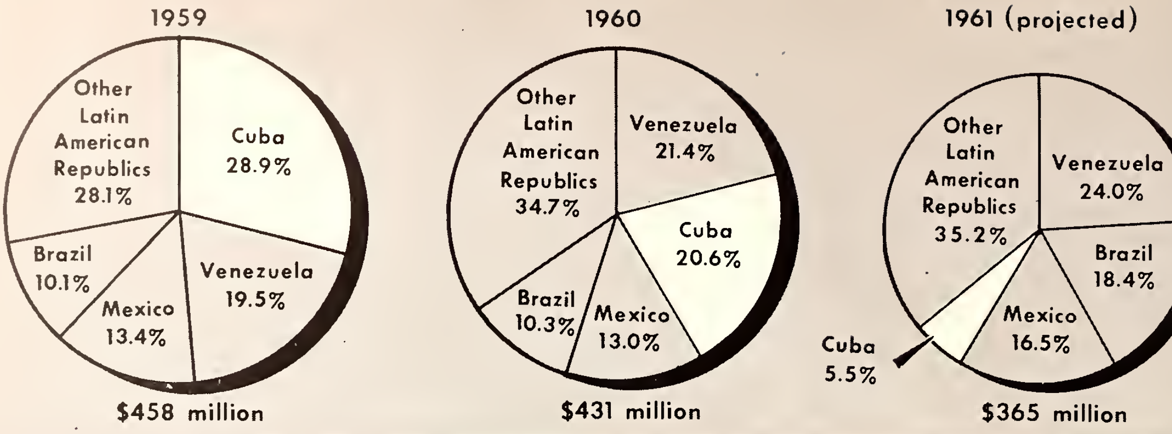
[1] The first law has since been rejected by Parliament; the second has been passed.

The Changing Position of Cuba Among Our Agricultural Markets in Latin America



What Has Happened to Our Trade With Cuba?

By KATHRYN H. WYLIE and GAE BENNETT
Regional Analysis Division, Economic Research Service

Since Cuba's independence in 1902, the United States has been the principal source of Cuban imports, the principal market for Cuban exports. Now, within the space of 2 years, Cuba's agricultural imports from the United States have fallen from $66.5 million in the first 6 months of 1959 to $9.5 million for the comparable period in 1961. Cuba's farm exports to the United States in this 1961 period were only 7 percent of what they had been in the first half of 1959.

Raw sugar, always far and away Cuba's largest export to the United States, dropped from $349 million in 1959 to $235 million in 1960, and to zero for the first 6 months of 1961.

Trade between Cuba and the United States has been important to both countries. Cuba has been the main source of offshore sugar in the United States market, and during the war years Cuba supplied this country with a larger-than-usual share of its sugar imports. The United States furnished needed foods over many years but was particularly important to Cuba during the war when products from other countries were not available.

Cuba's economy centers on sugar, its basic export crop. For years sugar and its byproducts have represented from 77 to 86 percent of the value of Cuba's total exports. Tobacco, the second export crop, has accounted for 5 to 10 percent. U. S. demand for these commodities enabled Cuba to maintain a favorable balance of trade. From 1953 to 1959 the United States took an average of about 65 percent of Cuba's total exports by value.

Cuba's food production and imports have made it one of the better-fed countries in the world. In 1958 the estimated daily per capita intake was 2,870 calories with adequate protein and fat content. It is believed food consumption has since declined.

Cuba's principal food crops are corn, beans, rice, sweetpotatoes and yams, white potatoes, yuca, bananas, and plantains. Its production of sweetpotatoes and yams, yuca, and plantains is adequate for domestic requirements. Cattle production more than met domestic needs until recently, when meat supplies reportedly were short.

Cuba imported 25 to 30 percent of its total food requirements—largely from the United States. Rice, wheat, wheat flour, and lard were the most important among the wide variety of foods imported. Some wheat and flour were brought in from Canada, dairy products from the Netherlands, and beans from Brazil and Chile. Cuba's trade with the other Latin American countries, however, has always been very small.

From the early days of Cuban independence until late 1959, Cuba and the United States maintained excellent trading relations. This was attributable to a number of factors such as the Treaty of Commercial Reciprocity of 1902; the Reciprocal Trade Agreement of 1934; U. S. sugar legislation; and in some cases, U. S. Government investment in developing Cuban production of raw materials required by our domestic industry.

Mutual Trade Concessions

Under the Treaty of Commercial Reciprocity of 1902 the United States granted Cuba on all dutiable commodities exclusive reductions of 20 percent below the rates to other countries. Cuba reduced its duties on wheat flour by 30 percent and its duties on rice by 40 percent.

The 1934 Reciprocal Trade Agreement greatly improved the trade between the two countries and further broadened mutual preferential treatment. Cuba granted concessions on more than 400 items, with preferences ranging from 20 to 60 percent. The United States, in turn, granted concessions to Cuba on 35 items, increasing the guaranteed preferences in some cases to 50 percent. Supplementary agreements in 1934 and 1942 added more concessions.

Cuban and U. S. membership in the General Agreement on Tariffs and Trade (GATT) replaced the treaty of 1902 and the trade agreement of 1934 while both belong to GATT. Under the GATT agreement, U. S. tariff duties were reduced on sugar, molasses, and tobacco among others. Cuban duties were reduced on wheat flour, fresh and canned vegetables; the duty on lard was guaranteed against increase; and a low duty was permitted on a minimum tariff quota of 330 million pounds of milled rice. The Cuban Government also was to determine each year the quantity necessary to supply the difference between Cuban production and consumption of rice and if this quantity exceeded the low-duty quota, it would be increased accordingly.

Cuba and the United States also belong to the International Wheat Agreement and the International Sugar Agreement. The latter in 1958 assigned Cuba a basic world export tonnage of 2.4 million metric tons of sugar. (The 1961 quota of 2 million metric tons raw value was raised by 3 million to compensate for the loss of the U. S. market.)

In addition to sugar, Cuba has also supplied the U. S. market with syrups, inedible molasses, unmanufactured tobacco, fresh and prepared pineapples, cacao, bananas, and winter vegetables.

Trade Deteriorates

By calendar year 1960, imports from Cuba had begun to decline. Unmanufactured tobacco, which had been $27.9 million in 1959, was $26.6 million in 1960. Raw sugar imports, which had averaged around $323 million annually since 1950, were down $88 million. Cuba's sugar commitments to Communist Bloc countries under barter trade agreements and hostility toward the United States created doubts as to the wisdom of relying on Cuba for sugar. Therefore, in July of 1960 the U. S. Government cut Cuba's sugar quota for the remainder of the year by 700,000 short tons. This also prevented Cuba from supplying any part of the United States' unfilled domestic sugar quota of from 500,000 to 600,000 tons, which is reallocated at the end of each year. The 1961 quota was set at zero. U. S. sugar needs have since been met by the Philippines and by Mexico, Brazil, the Dominican Republic, Peru, and other Latin American countries.

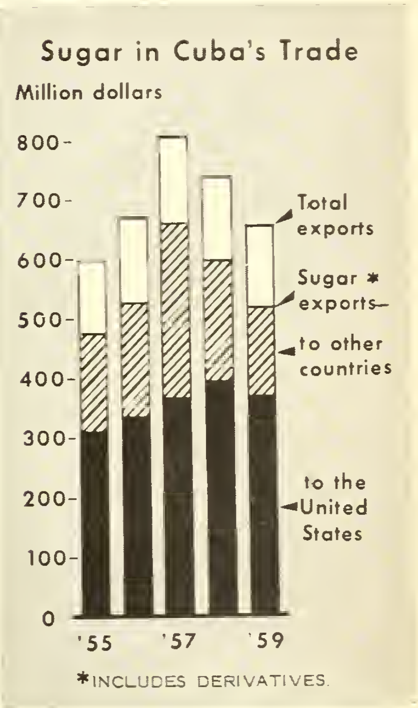
No official action has been taken by the U. S. Government to ban other imports from Cuba. Though total agricultural imports from Cuba have declined, U. S. imports of inedible molasses actually increased in 1960 by $5.6 million over 1959. These and other imports provide the principal remaining source of Cuba's convertible foreign exchange.

From 1950 to 1959 U. S. agricultural exports to Cuba averaged about $139 million annually; milled rice, flour, and lard accounted for about half of this figure. During the last calendar year U. S. exports of lard have remained fairly stable, but exports of rice, pork and pork products, vegetables, and fruit were down considerably from those of former years.

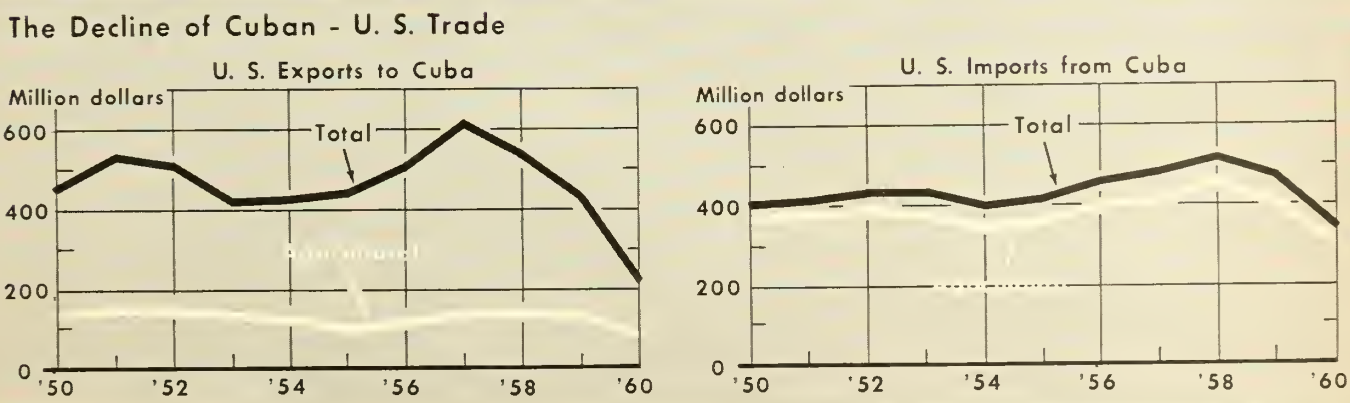
The slump in exports resulted from the Cuban Government's decision to obstruct U. S. exports to Cuba while simultaneously encouraging trade with the Soviet Bloc. Also responsible were Cuba's payments difficulties and U. S. restrictions on exports to Cuba. Because of continued Cuban restrictions, the United States in October 1960 removed from general export license all commodities exported to Cuba with the exception of unsubsidized foods, medicines, and medical supplies. In March 1961 other commodities were likewise removed.

The program of the present Cuban

(Continued on following page)



Sugar in Cuba's Trade



The Decline of Cuban - U. S. Trade

Record Load of U. S. Birds Off to Europe Via Chicago

This fall, the U. S. poultry trade sent off the first really big shipment of fresh frozen poultry to leave Chicago by boat for Western Europe. A record cargo of nearly 2.5 million pounds, mostly turkeys, was loaded on an all-refrigerated boat, taking up more than half the cargo space.

These birds, which hailed from various States of the Middle West, were destined to journey down the St. Lawrence Seaway and across the Atlantic, bound for Rotterdam and Hamburg. From those ports, they were to move on to markets all over Western Europe. U. S. turkeys are making strong headway against the traditional European goose as holiday fare and are winning all-season popularity as well. West Germany is top European buyer, the Netherlands next.

On hand to watch the loading (photo at left) were two gentlemen with a strong interest in the success of the venture. Admiral H. W. Ziroli (hat in hand) Country Director for Italy and Spain, Institute of American Poultry Industries, happened to be visiting the United States; with him is H. M. Williams, IAPI's president.

Government to redirect trade away from its customary sources and markets in the United States did not assume real importance until 1960, although some steps had already been taken in 1959.

This program has been implemented largely by bilateral agreements consummated within the last 18 months with the Sino-Soviet Bloc: Russia, East Germany, Poland, Czechoslovakia, Communist China, Hungary, Bulgaria, Rumania, North Korea, Outer Mongolia, and Albania. In addition, agreements have been signed with Ceylon, Morocco, Japan, Yugoslavia, and the United Arab Republic.

The agreements include general trade and payments, economic, scientific and technical cooperation, interbank accounting, protocol, and barter. They call for the exchange of such Cuban commodities as sugar, honey, canned fish, fruit, cacao, coffee, raw hides, copper concentrates, and manganese ore. In return, signatory countries promise to supply Cuba with such agricultural goods as wheat and wheat flour, bacon, potatoes, garlic, onions, rice, cotton, and olive oil.

Cuba is also to receive all types of farm machinery, communications equipment, electrical plants, and mining machinery and equipment. Some agreements call for scientific and technical assistance and the acceptance of Cuban students into Sino-Soviet universities. Several of the agreements provide for large grants of credits to Cuba.

The Soviet Bloc countries are now supplying the largest share of Cuba's imports. Cuba is supposedly receiving wheat, wheat flour, pork, raw cotton, and condensed and evaporated milk from Russia; rice and pork from Red China; and pork from Poland. In addition, Cuba has also reportedly received pork and rice from the UAR; condensed and evaporated milk from Canada and the United Kingdom; and dry beans from Japan.

New Trade Patterns

Though in 1960 some of Cuba's sugar went to Canada, Ceylon, the UAR, and Yugoslavia, the bulk of what once went to the United States is now going to Bloc countries, particularly Russia, Red China, Poland, and East Germany.

The result is a "new" trade situation for both Cuba and the Bloc.

In the past, the Sino-Soviet Bloc has not imported large quantities of sugar. The Bloc's combined exports of sugar even exceeded its imports in 1958 and 1959. Now, however, the Bloc has committed itself to take 4.5 million metric tons of sugar from Cuba each year from 1962 through 1966.

On the Cuban side, the sugar, which was once its principal source of hard currency, is now going into barter-type exchanges. Cuba must now depend heavily on earnings from exports to Free World countries and what remain of exports to the United States for sufficient convertible exchange to purchase goods unavailable from Bloc countries.

In addition, Cuba's foreign exchange situation has considerably worsened. At the end of December 1959, Cuba's gold reserves and dollar holdings were estimated to be $296 million. By the end of 1960, they had dropped to $79 million, and current estimates indicate that Cuba's gold reserves are now negligible.

Will the present Cuban Government be able to reorient its economy to fit the import requirements and export potentials of its new trading partners? Only time will tell.

Decades went into the successful economic pattern of complementary trade built up between Cuba and the United States. Two years sufficed to tear it apart. And, in 1961, unless there is a change in the present political climate, the assumption must be that agricultural trade between the two countries will decline even more sharply than it has already done.

Fun feature of the Hamburg fair was Schlaraffenland, the fabled "land of milk and honey." Right, Puanani de Silva of Honolulu entertains with a hula dance.

Black and white leather coats were modeled by pretty German girls at the U.S. leather industry exhibit.

U. S. Stages Food Fair in Hamburg —and makes hit with American fried chicken

Last month the United States put on in Hamburg, West Germany's great industrial city, the largest overseas exhibit of American food products ever assembled and scored an immediate success with fried chicken and doughnuts.

Every day as soon as the fair opened, lines queued up to buy for one mark—about 25 cents—a generous portion of Maryland fried chicken. The doughnut machine, turning out 350 dozen an hour, worked overtime to keep up with the demand.

These though were just two of the 1,500 different food items shown to the German public in this 100-percent U.S. fair. Not only did leading U.S. food companies participate but for the first time their overseas distributers joined in. The result was a show that had sales appeal as well as eye and taste appeal—and it went over big with the Germans!

These Germans tackle their fried chicken in the approved American manner. Man at left has eaten his and is munching a doughnut.

Below, two U.S. products—wheat and soybean oil—went into the making of these doughnuts. Soup demonstration, right, also featured soybean oil.

Our Leading Foreign Customers

In fiscal year 1961 U.S. agricultural exports moved to 125 countries, but the top six remained the same except for some shifts in position.

The six leading importers of U. S. farm products continued to take 50 percent of our total agricultural exports in 1960-61.

Japan displaced the United Kingdom as our No. 1 foreign outlet, and India jumped from No. 6 to No. 4. While Canada retained third place and the Netherlands fifth, West Germany dropped to sixth place.

Though West German and Netherland takings fell 14 percent and 4 percent respectively in 1960-61, our exports to all six countries in the European Economic Community declined only 2 percent. These exports account for about half of our shipments to all Europe, which took 46 percent of the total.

Exports to Asia mounted sharply to a record level, thereby raising their share of the total from 27 percent to 31 percent. One-third of the increase can be attributed to larger exports to Japan; P. L. 480 movements contributed heavily to the other two-thirds.

In the Western Hemisphere, the sharp decline in exports to Cuba more than offset the increase in combined exports to other countries. As a result, the Hemisphere's share in our exports fell from 20 percent to 18 percent.

Exports to Africa continued to grow, doubling their share in the U. S. total. Those to Oceania regained the loss incurred in 1959-60.

A strong economic upsurge in 1960 and 1961 combined with record gold and dollar holdings set the stage for expanded imports by Japan.

Sparked by a continuing recovery of cotton, U. S. agricultural exports to Japan reached a record high. Soybeans, with an upward trend in the past several years, also contributed to the increase. Wheat was down slightly from 1959-60, but feed grains picked up considerably even though no barley was imported and corn imports from the U. S. were exposed to stiff competition. Both tallow and hides and skins continued the upward movement begun 3 years ago.

Since one-third of the increase over 1959-60 in U. S. farm exports to Canada was wheat for re-export through the Great Lakes, there remained a net rise in exports to Canada for consumption of not more than 7 to 8 percent.

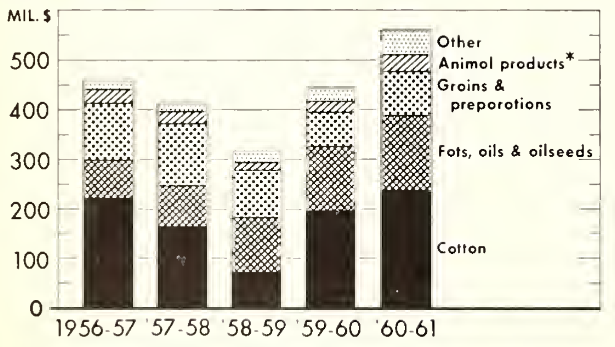
U. S. cotton regained its dominant position in the Canadian market. Canadian imports of U. S. edible oilseeds have increased but have not kept pace, in terms of oil equivalent, with Canadian production and exports.

The 1961 drought in the Prairie Provinces will have the effect of encouraging Canadian imports of feed grains, or other feedstuffs, and to a lesser extent edible oilseeds.

Nearly all U. S. farm products that go to India are exported through government programs, and paid for in rupees. This permits India to use its scarce foreign exchange for the import of capital goods for economic development.

Because of a decline in cotton production, P. L. 480 imports in 1960-61 were 43 percent larger than in 1959-60.

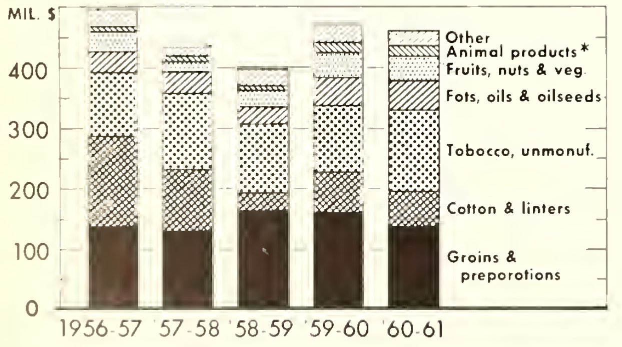
All Products Gain as U. S. Exports to Japan Reach New High



*OTHER THAN LARD AND TALLOW WHICH ARE INCLUDED IN FATS, OILS AND OILSEEDS. 1960-61 PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 448-61 (9) ECONOMIC RESEARCH SERVICE

Grains and Tobacco Top U. S. Farm Exports to U. K.



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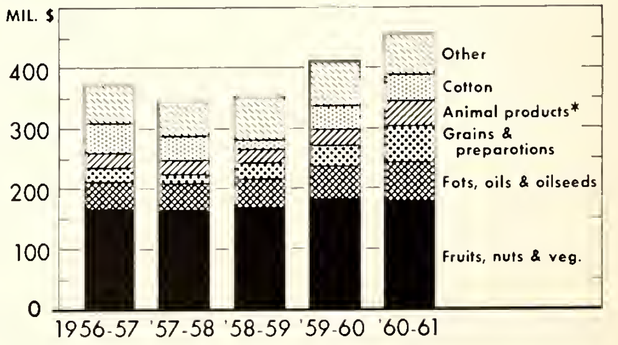
U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 447-61 (9) ECONOMIC RESEARCH SERVICE

Grains Lead Increased U. S. Farm Exports to Canada



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U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 446-61 (9) ECONOMIC RESEARCH SERVICE

Food grain stocks were 3.1 million tons in July 1961, resulting from the 1.7-million-ton buildup in the previous 18 months. This represents 55 percent of the level India feels is necessary to provide for emergency relief and to counter inflationary pressures.

Grains and tobacco continued as the major U. S. farm exports to the United Kindom. Increased exports of feed grains from the United States in past years have offset decreased U. S. shipments of food grains to the U. K., but in 1960-61 imports of both grains were down due to better crops. U. S. tobacco exports were up from a year ago.

Total U. S. exports of farm products to the United Kingdom were 2 percent below 1959-60, reflecting mainly the decline in grain and cotton. U. S. exports of other farm products to the U. K. remained relatively unchanged from the previous year. From 1957-58 to 1960-61, the share of U. S. exports taken by the United Kingdom declined from 11.0 to 9.4 percent.

U. S. farm exports to the Netherlands in 1960-61 experienced a slight drop from the previous year's record level. Tobacco shipments, up 43 percent, showed the greatest increase. While feed grains and oilseeds, over half of the 1960-61 total, set record marks, animal and vegetable oil imports from the United States decreased to about one-half the previous year's level.

Many shipments of feed grains, oilseeds, cotton, and tobacco included as U. S. exports to the Netherlands actually are transshipped to other countries by the Dutch. Thus the Netherlands plays a key role in moving our agricultural goods to third countries.

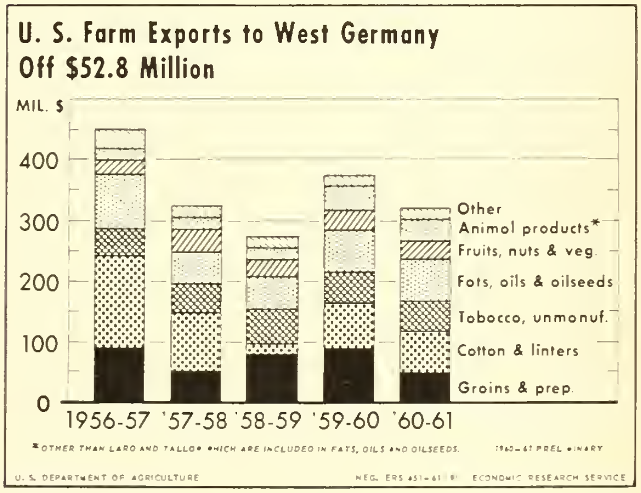
U. S. farm exports to West Germany declined 14 percent in 1960-61 from the previous year. With the exception of tobacco, oilseeds, and meat, all major commodity groups contributed to this decline. The sharpest drop occurred in exports of feed grains; this was at least partly due to the 1960 record grain harvest in West Germany.

In 1960-61, West Germany's share of U. S. farm exports declined considerably. During 1956-57 and also during 1957-58, West Germany took over 8 percent of total U. S. farm exports. By 1960-61 this percentage had dropped to 6.5 percent. Wheat and cotton contributed to the fall-off.

With regard to total U. S. agricultural exports last year, the $4.9-billion value was 9 percent above the previous year's level. Wheat and cotton accounted for over 90 percent of the gain. In fact, the 660 million bushels of wheat and flour exported were the largest on record. Soybeans hit a peak too—143 million bushels—and tobacco shipments were at a 5-year high. Other notable records were for corn, hides and skins, variety meats, and poultry meat. Fruits and dairy products held firm.

The selling of farm products in the world market is a highly competitive business. About three-fourths of foreign farm products entering world trade compete directly with commodities exported by the United States. But last year, for the first time in several years, the United States had less foreign competition. Foreign trade competitive with products of American agriculture declined 2 percent.

This article and the accompanying charts are part of the *1962 Agricultural Outlook Chart Book,* published each year by the U. S. Department of Agriculture. There are 162 charts in the book, which visually present the story of American agriculture today and the outlook for trade, both domestic and foreign. All of the charts are available as photographic prints, mounted slides, or as a film strip. The book itself tells how to order the charts, and may be bought for 45 cents from the Superintendent of Documents, Government Printing Office, Washington 25, D. C.



U. S. Farm Exports to West Germany Off $52.8 Million

*OTHER THAN LARD AND TALLOW WHICH ARE INCLUDED IN FATS, OILS AND OILSEEDS. 1960-61 PRELIMINARY

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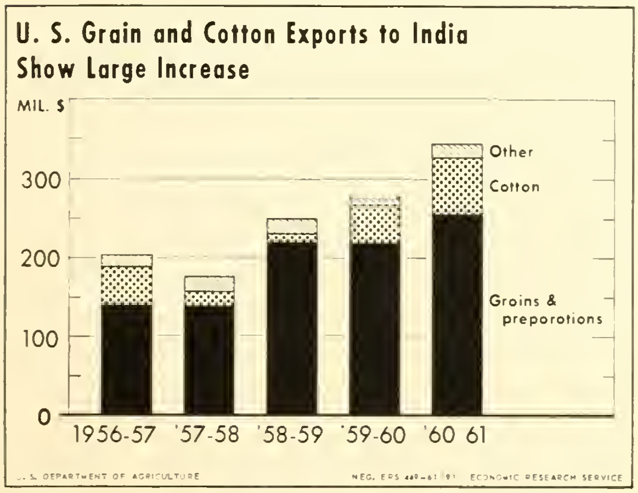

U. S. Grain and Cotton Exports to India Show Large Increase

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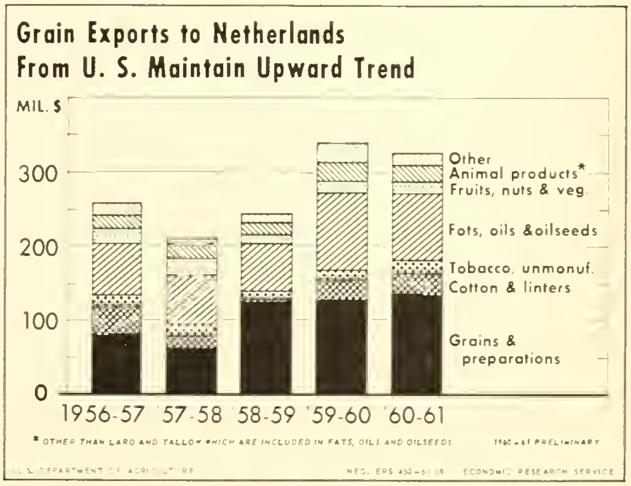

Grain Exports to Netherlands From U. S. Maintain Upward Trend

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U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 450-61 (9) ECONOMIC RESEARCH SERVICE

This giant-sized clover is typical of the crops grown on drained and fertilized bog lands. The farm is at Glenamoy Experiment Station.

A peat harvesting machine went through the field below, removing peat from the trench. Peat's main use is as a fuel in home and factories.

Irish Reclaim Bog For Farms, Forestry

By WILLIAM R. HATCH
U.S. Agricultural Attaché, Dublin

Peat bogs cover between one-fifth and one-sixth of Ireland's 32,000 square miles, in some places to a depth of 20 to 40 feet. This peat is harvested and processed to make an efficient and inexpensive industrial, heating, and cooking fuel. Then after a number of years, an area's supply of peat is exhausted and, generally, the cutover land is left idle.

The Irish Sugar Company and the Agricultural Institute, two autonomous government-financed organizations (the latter established with Marshall Plan counterpart funds) are trying to use this land. At an experiment station in Glenamoy work is being done on the reclamation of cutover bogland. This soil is rich in mineral deposits but badly waterlogged. On a small scale, the sugar and agricultural people have been draining the land and growing special grasses and clovers for cattle, vegetable and grain crops, and such drug plants as belladonna.

One of the first problems to face these modern peat bog soldiers was determining the amount of peat to leave on the soil. If all the peat is removed, a bare rocky terrain unsuitable for crops remains. A limited amount should be left to give humus and body to the soil.

Related research is underway at County Galway where the Irish Sugar Company is trying to farm bogland from which the peat has not yet been removed. The company owns about 1,400 acres at this site, a little more than one-tenth of which has been set aside for fuel. The rest is used for agricultural and forestry experiments.

The first step in converting this bog to arable land is the digging of drainage ditches to allow excess water to run off. Then lime, marl, or other soil amendments must be added to counteract the preservative effect of the peat. Substantial quantities of phosphate, potassium, and nitrogen are necessary. Also, applications of trace amounts of such minerals as cobalt, molybdenum, and copper are helpful. Copper, especially, increases grain yields phenomenally.

The soil yields only a light crop the first year or so, and it seems best to plant corn, potatoes, or some other crop requiring frequent turning of the soil. Addition of manure has also been found helpful because it accelerates fermentation of the peat. The soil should be turned frequently to expose the surface and weather it.

Bogs are generally low-lying areas where cold air tends to settle. However, the soil is finely-textured and easily prepared once reclaimed and seems best suited to such crops as celery and onions. It has been found that it is possible to produce as much grass per acre on bog as on the best mineral soils in the country.

Improvement in bogland after it is cropped and fertilized a few years indicates the longtime value of the work being done. As soon as the pH of the soil is raised—as a result of the addition of lime—and the water content is reduced by drainage, the heather dies out to leave room for seeded grasses. The bog settles as the turf is oxidized and water removed. The bog also becomes firmer with time if grass is planted on it.

Forestry experiments show promis-

Left, treaded tractors and double-wheeled carts are used to harvest silage on still-soft reclaimed bog. Below, field of cabbages growing on former bogland.

Mountain blackface sheep graze on pasture reclaimed from a cutover peat bog. Much of Ireland's bog is in pasture or feed grains.

ing results, and trees have grown where it was formerly thought impossible. The trees are useful both for timber and as a windbreak and it seems advisable for all farms in the bog areas to have some wooded land.

The high moisture content of even a drained bog (usually over 90 percent the first year) makes grazing difficult for much of the year and grass has to be cut and fed in enclosures. In order to make a go of stockraising under such a system a very intensive operation is required. However, work is going on both in Galway and at Glenamoy with cattle and sheep grazing, seeding over native vegetation, and rolling after grass is fairly well established in order to develop conventional pastureland where there was formerly a peat bog.

Present thinking is that in order to have an economic agricultural unit, a farm should be large and have a nucleus of tillable pasture and hay land, a larger acreage of seeded pasture, and a substantial area in timber. To encourage the development of such farms on boglands and cutover land, the Irish Government offers a grant of £24 (about $67) per acre to farmers who reclaim bogland.

Reclamation will become increasingly vital in the future as more and more land is cut over by the Bord na Mona (Irish Turf Board), the independent government agency that does most of Ireland's mechanized harvesting. They estimate that, with present methods—a large number of them developed under the Bord's research program—400,000 acres can be harvested. The company now owns or is arranging to acquire about 150,000 acres, mostly in the midlands where the bog runs deepest. There is also a considerable amount of hand harvesting done, mostly by private individuals producing for a local market.

The Bord buys and drains bogland and harvests and sells peat—more than a million tons of it each year. In the beginning it only produced domestic fuel for home fires but the coal shortage during World War II led the Bord to go into commercial production of peat for factories and electric power plants.

Electric plants now use more than half the peat produced, most of it in the form of milled peat, a pulverized product made from the surface turf. The plants also use sod peat, peat cut in strips and dried.

A new peat product, compressed peat briquettes, is gaining in popularity, both in Ireland and as an export product—mainly for Great Britain. Peat is also burned to make charcoal—superior for most uses to wood charcoal and comparable to coke.

In Ireland and Germany peat is used in the manufacture of a coarse paper and some experimental work has been done in the making of textile fibers from peat. An important byproduct of peat production is the peat moss, powdered and compressed into bales, used for gardening. A large amount of it is produced in Ireland but none of it is exported to the United States; this country imports most of the peat moss it needs from Canada.

Chemical Control of Tobacco Suckers Could Cause Decrease in U.S. Exports

Increasing use of maleic hydrazide (MH-30) by U. S. tobacco growers could seriously cut tobacco exports. This chemical, applied as a spray to tobacco plants, provides an easy and comparatively inexpensive way to control the growth of suckers. However, increasing evidence indicates that the use of MH-30 impairs manufacturing and smoking qualities of the leaf and does so in ways that are not always detectable on the auction floor.

Currently, the United States is the only major tobacco-producing country where maleic hydrazide is used. The Canadian Government refuses to support chemically suckered tobacco, and in Rhodesia the cooperative that controls the growing and marketing of tobacco outlawed the use of maleic hydrazide. In India, the third major producer of flue-cured tobacco, the question never came up.

All three of these countries are improving the quality of their tobaccos. Canadian flue-cured tobacco already closely approaches American in quality. Any decreases in the quality of U. S. leaf resulting from the use of MH-30 will tend to narrow still further the quality margin that U. S. tobacco holds over foreign tobaccos.

Quality decreases were sufficient in early 1960 for trade officials, exporters, and foreign purchasers to demand congressional action on the matter. The Congress, in turn, asked USDA's Agricultural Research Service to conduct a thorough study of the effects of maleic hydrazide on tobacco. ARS, with the cooperation of cigarette manufacturers, several State land-grant colleges, and an independent testing agency, undertook the study last spring.

Results of the tests showed that tobacco treated with MH-30, particularly when it is applied early in the growing season, was more moist, less elastic, and more difficult to use in cigarette manufacture. Resulting cigarettes burned slower, drew too easily, and were often described by taste panelists as "irritating," "lacking taste," "bitter," "harsh or hot," and "strong." Because of a decrease in density, more tobacco had to be used to get the same firmness. Yet, unless an extremely large amount of maleic hydrazide had been used, none of these deficiencies were reflected in the appearance of the leaf.

Spraying plants with maleic hydrazide did increase yields per acre, particularly with application early in the growing season. Unfortunately, the earlier MH-30 is applied, the greater its adverse effects tend to be.

It was also found that taste panelists showed marked preferences for hand-suckered over chemically suckered tobacco with flue-cured samples, but their preferences were nominal with air-cured tobacco.

This chemical is still widely used by American tobacco growers and its use is expected to increase rather than decrease because of the savings in time, labor, and money that result if suckers need not be hand-removed.

Despite the use of maleic hydrazide and consequent complaints on the part of buyers, U. S. tobacco this year is selling at a higher price than ever before. All that can be produced is being sold and only a limited quantity is finding its way into loan stocks. So far, there have been only a few isolated complaints from purchasers on the quality of the 1961 crop.

It should be mentioned, however, that maleic hydrazide was used with discretion this year and rain washed off a lot of what was used. But another dry year or careless use of MH-30 might again adversely affect the quality of U. S. flue-cured tobacco and seriously reduce exports.

Research is continuing in an attempt to determine the optimum dosage and method of application for maleic hydrazide and to find a similar chemical that will control suckers without having any adverse side effects. The only other government action to be taken at this time is wide distribution of the results of the ARS study, with an accompanying statement by the FAS Tobacco Division discussing the foreign trade implications of the chemical's use.

U.S. Eats Most Meat But Ranks Fifth Per Person

The United States consumes far more meat than any other country in the world—over 29 billion pounds in 1960, which represents 26 percent of the world's total supply.

On a per capita basis, however, the U. S. citizen does not do as well. He ranks fifth as a meat-eater, and his 162 pounds a year are overshadowed by the Uruguayan's 259 pounds, the New Zealander's 229, the Australian's 226, and the Argentine's 175.

Of the remaining 10 big meat-consuming countries, Canada claims 142 pounds per person, Denmark and the United Kingdom 132, France 119, West Germany and Austria 112, Belgium-Luxembourg 110, Switzerland 109, Sweden 104, Ireland 100.

This lineup represents some slight changes in the world's meat consumption pattern. In 1958, Argentina led the list, Australia was second, and Uruguay third.

Six of the "big ten" have upped their per capita meat consumption in the last 2 years—the United States by just 2 pounds. Of the four countries eating less meat Argentina registered the most decided drop—62 pounds.

No exact figures are available for the Soviet Union, but 1960 consumption is believed to be about the same as for the previous year—68 pounds per person which is well below all countries in Western Europe except Greece, Italy, Portugal, and Spain.

Down toward the bottom of the list is Japan, with an 8-pound yearly per capita consumption. Also low were the Philippines (18 pounds), Peru (30), Ecuador and Mexico (38).

About half of the 99 billion pounds consumed in the world (excluding Red China) is beef and veal, 41 percent is pork, 8 percent is lamb, mutton, and goat, and about one-half of 1 percent is horsemeat. U. S. consumers showed a preference for beef and ate more than one-third of the world's supply.

Many countries must import some of the meat their citizens require. The United Kingdom last year bought almost half. Even the United States, which is the world's largest meat producer—28.2 billion pounds in 1960—imported 3 percent of consumption.

Village market in India. Though the country is one of the world's largest agricultural producers, its diet is well below recommended nutritional levels.

India's Agricultural Goals

By WILLIAM F. HALL
Regional Analysis Division
Economic Research Service

India's agricultural economy has the gargantuan task of providing food and fiber for the world's second largest population—and one that is ominously expanding by over 2 percent a year. With a population of around 438 million now, India will add on in a year more people than live in New York City and in 5 years the equivalent of one-half of Japan's population.

The agricultural task is made doubly difficult because, except for farm labor, farm resources are insufficient to effect a rapid rise in production. Also, the average Indian farmer is handicapped by using outmoded agricultural practices. As a result, yields per acre are low and output is well below what potentially could be produced.

India's farmers, however, do manage to grow most of the country's food and fiber needs. Agricultural imports consist mainly of the food grains that make up two-thirds of the average diet. (The Indian diet is only about 2,000 calories a day, which is well below the recommended nutritional standard for the Far East.) For the past 5 years the gap between food grain production and consumption has run between 1.5 million and 5 million metric tons or about 5 percent of total supplies.

Gains Made

India's First and Second Five Year Plans, covering the period April 1951 through March 1961, included programs designed to end this food grain gap as well as to improve agriculture in general. Much has been accomplished. The net area under irrigation was increased by 36 percent to 70 million acres. Nitrogenous fertilizer production has increased to about 23 times the 1951 level; phosphatic fertilizer production is up about 8 times.

The Community Development program that includes the National Extension Service now embraces about 74 percent of India's 500,000 villages. Land reform has continued. No longer do absentee landlords control over 40 percent of the cultivated land.

Despite these accomplishments—and the fact that India is one of the world's largest agricultural producers, with over 300 million acres of tilled crop land—production continues to lag behind need. Also, even though India has undergone considerable transition toward industrial development, its economy remains basically agricultural. Agriculture still provides 50 percent of the gross national product and the means of livelihood for over 70 percent of the people.

It is not surprising, therefore, that India's Third Five Year Plan, adopted last April, should, as in the previous plans, seek to find a solution to the country's agricultural problems.

Third Plan Goals

The overall aims of the Third Plan are to increase national income by more than 5 percent a year, achieve self-sufficiency in food grain production, expand basic industries, utilize to the fullest extent possible all manpower resources, and establish progressively greater equality of opportunity for the people.

To accomplish these ends the Plan sets an investment goal of $21.8 billion for the fiscal years 1961-65 of which $4.3 billion will be the foreign exchange component. Private enterprise in India will use $8.6 billion or almost 40 percent, and the rest will be used for public development projects.

Out of the total investment target, agriculture and community development are allocated 14 percent, irrigation and power 16 percent, village and small industries 4 percent, organized industries and minerals 25 percent, transport and communications 17 percent, social services and miscellaneous 16 percent, and inventories 8 percent.

Agricultural Targets

In agriculture the Plan calls for a 30-percent production increase over 1960-61. For selected commodities, this means that in 1965, the final year of the Plan, 101.6 million metric tons of food grain would be produced, 10 million tons of oilseeds, 10.2 million tons of sugarcane, 7 million bales of cotton, and 6.2 million bales of jute.

To achieve these high production levels, programs from previous plans will be further intensified. By 1965 it is planned to irrigate an additional 25 million acres and to introduce soil conservation to 148 million acres. Fertilizer supplies will be increased to 1 million tons of nitrogenous fertilizer, 400,000 tons of phosphatic, 200,000 tons of potassic, and 191 million tons of compost. On 50 million additional acres improved seed will be used to boost yields.

The Plan also features a new project known as the Intensive Agricultural District Program, an approach recommended by the Ford Foundation in 1959. In areas with the highest natural productivity, all factors of production are to be applied in effective combinations, with the aim of raising production 40 to 60 percent. This applies to all crops; however, food grains will get primary attention.

So far this program has been initiated in one district in each of seven Indian States. During the Plan period it will be introduced in the other eight States.

Attainment in Doubt

The resources made available in the Second Plan for increasing agricultural output did not result in all targets being met, and it is possible that resources will not be sufficient to meet those of the Third Plan.

This will undoubtedly be true for food grains. The 1960-61 food grain production is now officially placed at a record 80.5 million metric tons, 6 percent above last year's and only 400,000 tons short of the Second Plan target. This outstanding achievement brightens prospects for the Third Plan period. It does not, unfortunately, mean that a breakthrough in agricultural technology has been achieved nor that the basic agricultural problems have been resolved.

Food grain production over the period 1951-60 increased at an average annual rate of 4.7 percent, with production rising from 53.1 million tons to 75.6 million. Even if this good annual rate of increase were to be sustained during the Third Plan period, India would fall short of the target goal by 3 percent. It should be noted, also, that weather for the 3 last crop years has been excellent and that the possibility of 5 more good-weather years in succession cannot be counted on.

Taking all of this into consideration, projections made by the U. S. Department of Agriculture forecast a production of about 91 million tons of food grains by 1965-66, compared to India's goal of 101.6 million.

As for the other agricultural targets in the Third Plan, only sugarcane is likely to attain its production level by 1965-66. Cotton and jute each fell short of the Second Plan goals by over a million bales, and oilseed production, according to the latest 1960-61 estimates, was a million tons below what had been expected.

USSR Is No. 1 Producer of Sunflower Seed, But Only U.S. Sells Safflower

To the confusion of many, an oil-bearing seed has recently appeared in the world market with the name of "Safflower," which, if pronounced hastily, can be quite easily mistaken for "sunflower." Yet, except for the fact that they are both oilseeds, there is little similarity between them.

Sunflower seed is one of the world's great vegetable oil crops, and it's growing bigger all the time. Statistics show that after World War II sunflower seeds had the largest production gain of any food crop—around 50 percent—mainly because of the tremendous increase in the Soviet Union's output.

Safflower seed, though a centuries-old crop, is hardly known at all. Some 25 countries around the world grow it, but so far the United States is the only country to export it, and has been doing that only for 4 years.

Cultivated in India, China, and Egypt since the dawn of history, safflower was originally grown to obtain a red-orange dye called cathamine, as well as for the seed oil—this oil being used for oil lamps and edible purposes. It was about 35 years ago that attention was focused on this thistle-like plant as a possible oilseed crop in the United States, as a result of new strains that had been developed from the wild varieties. Cultivation did not begin in a serious way until about 1946, when some 2,000 acres were planted. By 1950, acreage had mounted to 70,000, and this year it is expected to exceed 400,000.

Safflower requires about as much care to cultivate as does wheat, and very often it needs subirrigation, Currently, California produces the greatest tonnage, but Montana, Nebraska, North Dakota, and Arizona are also important growing areas.

Before the United States started exporting the seed, safflower oil had established itself in the United States as a drying agent for paint, particularly white paint, which it prevents from yellowing. As a cooking oil it is probably the closest to corn oil, except that it contains an exceptionally high percentage of unsaturated fatty acids. As a meal its protein content ranges from 20 to 25 percent; consequently, it has possibilities as an ingredient in mixed feeds. Here the problem is the hull, which is exceedingly difficult to remove.

Last year the United States produced around 300 million pounds of safflower seed and shipped approximately 84,000 tons, at a value of $10 million. All of the exports went to Japan, where the seed is used mainly as a cooking oil. To what extent shipments to Japan will increase is a question. In 1960 they went in duty free; now there is a 5-percent duty.

Sunflower seed is quite a different story. Its hardy and drought-resistant character makes it well suited to areas where other oil crops cannot be grown. Production runs in the millions of short tons— 6.8 million last year compared with the 1950-54 average of 4.2 million. But only a small part of world output enters world trade, the remainder being consumed in the countries where grown.

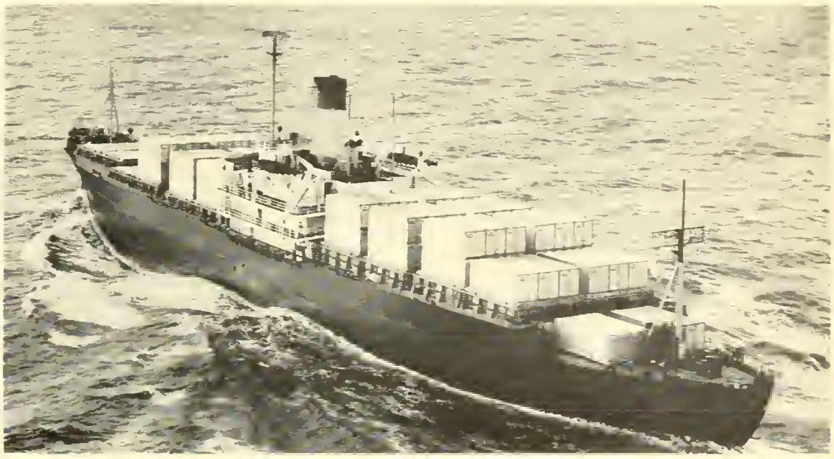
The Soviet Union has long been the world's largest producer of sunflower seed—last year Argentina was second, Rumania third—but it has lost its leading export position to Bulgaria, which shipped slightly over 90,000 tons in 1960 compared to the USSR's 50,000. Rumania was third, with exports totaling 22,000 tons.

Refrigerated Containers

—with only one handling between shipper and receiver, they open a new era in the overseas transport of perishable products.

Loading a refrigerated container aboard ship in San Francisco harbor. Except for the very brief loading period, the containers are never without refrigeration from the packer's warehouse to the receiver's.

Below, ship approaching Hawaii with the giant containers filling the hold and double-stacked on deck.



By A. CLINTON COOK
Fruit and Vegetable Division
Foreign Agricultural Service

Over the years various containers have been tried to expedite the handling and shipping of both refrigerated perishable produce and other packaged goods. Car ferries have been successful for short voyages but there is too much unused space for long trips.

Now it appears that a ship line on the west coast serving Hawaii and an east coast line serving North and Gulf ports may have the answer. Both companies have developed refrigerated containers that can deliver perishable produce such as fruits and vegetables to overseas destinations faster, more economically, and in better condition than by any other shipping methods.

The containers that have been developed by the west coast shipping line are interchangeable with semi-truck trailers and measure 24 by 8½ by 8 feet. They have a capacity of 1,000 cubic feet.

The refrigeration unit that was designed especially for use in these containers is about 1 foot thick, fits flush with the box, and is operated by electric current. The condenser unit is aircooled until it is loaded aboard ship, then it is watercooled by a special hookup with a pumping system on the ship. One of the chief virtues of these containers is that between the shipper's warehouse and the receiver's the produce is handled only once—in the original packing. Another is that the refrigerated units are without current for only a few minutes—in the actual loading and unloading of the ship.

Arriving at the docks the containers are assembled in a holding yard while waiting for the ship, and there they are connected to the local electrical current and maintained at constant temperatures. In the loading big cranes lift them into the hold of the ship where they are fitted into slots, or on deck where they can be stacked two or three high. On board ship they are immediately connected to current supplied by special generators.

For perishable products the advantages are many. Much time is saved in loading and unloading produce. The single packing operation eliminates considerable damage from bruising. The short period without refrigeration prevents a sudden rise in temperature and the consequent condensation of moisture on the produce, thus assuring a better condition on arrival.

The engineering problems connected with the use of these containers have been fairly well solved, and the west coast line using them has been able to reduce the overall freight and handling charges 13 to 31 percent. Nevertheless, there are many problems that are likely to delay their acceptance.

The biggest barrier is the tremendous investment for equipment. It has cost one line approximately $18 million to modify three ships for handling both deck and cargo containers and to modify six to carry containers on deck; to build three dockside cranes; and to purchase 1,500 dry cargo containers and 270 refrigerated ones as well as other related equipment. The cranes, which must have a capacity of 25 tons or more, constitute one of the more inexpensive items in converting to this type of shipping.

In addition, considerable space is needed in the dock area for parking the containers. A ship holding 450 containers would need parking space for 900. Even though these can be stacked, careful planning is needed, as the refrigerated containers are usually loaded in one hold or on one section of the deck, and the heavier ones must be distributed properly to balance the ship.

Another problem is obtaining cooperation of the port authorities and the stevedores in handling these containers. In some ports they have refused to do it, so that container service has had to be discontinued.

It should be pointed out that a ship using containers will hold fewer tons of cargo, but this is compensated for by the shorter loading and unloading time. In the case of a large cargo ship the time has been reduced to 1 day; thus, a ship can spend most of its time at sea. One line reported that a ship can make two round trips with containers compared to one with conventional loading.

So, while these refrigerated containers have much to recommend them, their widespread use is likely to be slow. The investment cost, however, could be reduced if the containers were standardized so that they could be used for motor trucks and piggyback rail as well as for ocean transportation. Furthermore, port authorities could install and be responsible for the cranes, and either the rail or truck lines, or both, could furnish the containers on a rental basis.

Brazil's Proposed Economic Plan Sets 5-Year Goals for Farm Commodities

A policy for agriculture designed to increase productivity and improve the lot of the farmer is contained in an economic program presented by the new Brazilian Government. The President of the Council of Ministers placed the new plan for economic development before the Congress on September 29, 1961.

Production goals for the next 5 years include the following increases: Rice 20 percent, corn 30 percent, beans 25 percent, wheat 30 percent, potatoes 80 percent, soybeans 20 percent, cotton 100 percent, beef 30 percent, and pork 50 percent. If these goals are reached production would be as follows compared with estimated totals in 1961:

PROJECTION OF BRAZIL'S OUTPUT OF SELECTED FARM PRODUCTS, 1966

	1961 *Million metric tons*	Expected 1966 *Million metric tons*
Rice	4.9	6.5
Corn	9.0	11.7
Beans	1.7	2.1
Wheat	.3	.4
Potatoes	1.2	2.2
Soybeans	.3	.3
Cotton	.5	.9
Beef	1.4	1.9
Pork	.6	.9

To attain these goals the government would set minimum prices for crops before planting time and review them periodically. Existing minimum prices for rice, beans, peanuts, soybeans, cotton, and jute would be maintained and other crops would be supported when circumstances warrant. Government assistance would also be given for the expansion of coverage under agricultural insurance.

Agricultural credit facilities would be expanded greatly. During the next 5 years credit advances, in relation to 1961, would be increased at least 20 percent to maintain the same real volume of credit and compensate for higher costs. In addition, credit granted would be expanded 20 percent per year to meet the needs of new beneficiaries. The plan is to provide rural credit facilities for at least 500 additional municipalities (2,763 existed at the end of 1959) during the next 5 years.

The plan would set up a goal to raise the warehouse capacity by 4.8 million metric tons and silo capacity by 550,000 tons—in addition to improving and augmenting the facilities for storage on farms and the cold storage capacity.

Measures would be taken also to make the system of standards and classifications more meaningful for both export and domestic consumption crops. An information service to give market conditions and crop quotations would be set up. Farmers would be encouraged to process and market their crops through cooperatives, and the government would assist in the installation of farmers' markets.

The government believes that no program to carry out such a policy can be successful without far-reaching reform of the institutional structure of agriculture as well as attention to the instrumentalities responsible for assistance to the producers.

The plan, therefore, contains detailed statements on agrarian reform, including facilities for colonization and settlement; agricultural research involving both crops and livestock; erosion controls, irrigation projects, and reforestation; education of rural population, at both academic and technical levels; and the technical assistance that is needed from private and international organizations and from foreign governments.

It provides also for reorganization of the Ministry of Agriculture, including decentralization of its services; coordination of research, education, extension, development, credit, and market activities; and greater flexibility in the management of its human and financial resources.

In addition to the long-term measures, an emergency program is planned to cover especially urgent items, such as increases in the production of staple farm commodities, completion of the first stage of warehouse construction, and implementation of the agricultural credit policy.

Belgian Loaf Using U.S. Wheat Featured In New 3-Year Market Development Pact

More and more of the loaves going into Belgian ovens are of "Daily Bread," a popular new loaf whose patented recipe calls for 55 percent U.S. wheat.

A new type of bread is giving Belgian consumers a better loaf for their money and U. S. wheat growers a promising new market.

"Daily Bread," as it was named in a contest, is the result of an effective market development program worked out by the Belgian Bakery and Confectionery Federation and Great Plains Wheat, Inc., representing the bulk of U. S. hard wheat production.

Because of "Daily Bread's" improved quality—and because of an aggressive promotion program—the bread is becoming increasingly popular. More and more Belgian bakers are asking to use the patented recipe calling for 55 percent U. S. hard wheat and 45 percent domestic wheat.

A 3-year agreement between the two groups to promote the new bread is designed to achieve what each wants: the baking industry wants a loaf good enough to bolster Belgium's sagging bread sales; U. S. wheat growers want a new market and a showcase to demonstrate the quality of U. S. wheat.

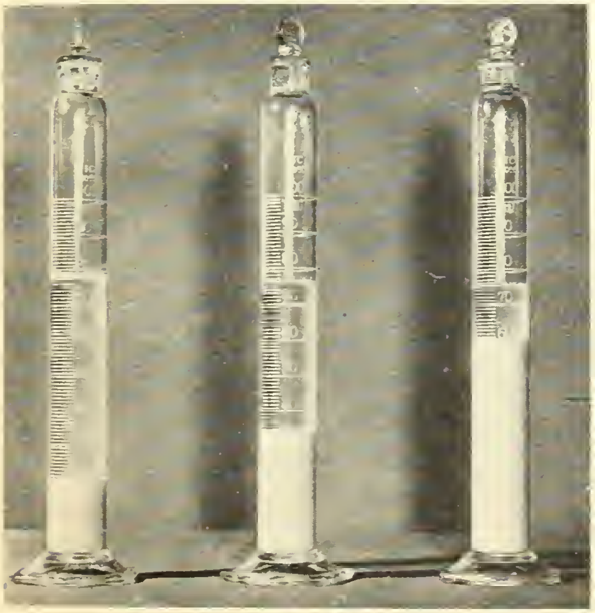
Each group first had to come up with some answers. To get government permission to use more than 30 percent imported wheat, the baking industry had to agree to either use or sell whatever quantity of domestic wheat was "displaced" by more imported hard wheat.

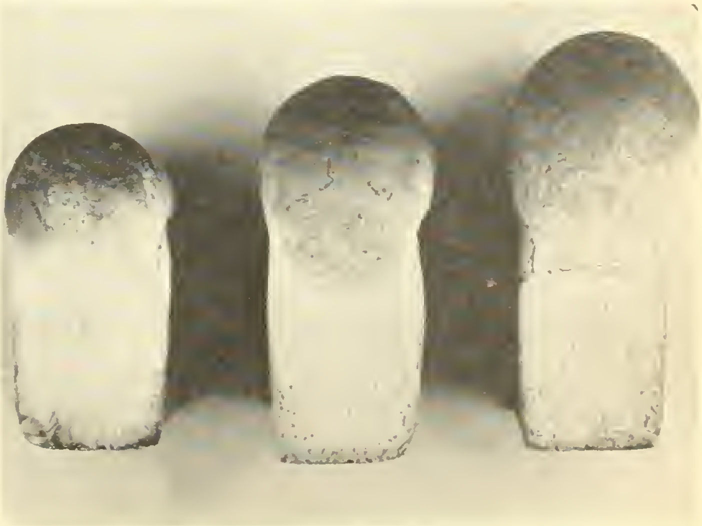
In their turn, U. S. wheat growers bound themselves to supply only wheat whose strength had been proved by means of a new sedimentation test. This simple rapid test is based on the fact that gluten protein (responsible for much of wheat's strength) absorbs water and swells appreciably when treated with lactic acid. The relative strength of the wheat can be measured by the amount of swelling.

Using the device of the sedimentation test, U. S. wheat growers are out to prove they can supply uniformly high-quality wheat, fully competitive in European as well as other markets.

High-quality hard wheat is assured of a market all over Europe, since these countries, like Belgium, can produce only soft wheat, which is fine for pastry, but turns out bread that is coarse, heavy, and stales rapidly. Bakers in Belgium, and elsewhere, hope that bread containing more hard wheat will help minimize falling wheat-product consumption in all countries where higher living standards are turning consumers to meat and dairy products.

The sedimentation test which proved so effective a market development tool in Belgium will undoubtedly be used in these other countries to attest to the strength of U. S. wheat.





The sedimentation test is the easiest way to measure wheat strength. Here, test-tubes show weak, medium, and strong wheat flours. The loaf height shows strength of flour used.

Easing of U.K. Restrictions Raised U.S. Variety Meat Sales

British importers responded to the easing of import restrictions on U. S. variety meats by purchasing 5 million pounds more in the first 7 months of 1961 than in the same period of 1960. This makes the United Kingdom second only to West Germany as a market for these products.

Britain's imports of U. S. variety meats went from 14.3 million pounds in January-July 1960 to 19.2 million in the corresponding months of 1961, the latter figure representing 28 percent of U. S. variety meat exports. Nearly all the shipments were of beef but there were also small amounts of veal, lamb, mutton, and pork sold.

U.S. Share of Italy's Cotton Imports Rises in 1960-61

The U. S. share of the Italian cotton market amounted to 52 percent during the first 11 months of 1960-61, despite somewhat smaller shipments than the previous year's. Italy is expected to slightly reduce its level of imports during 1961-62.

During 1960-61, the Italian cotton textile industry used an estimated 1.04 million bales, the largest volume in more than 30 years.

The United States supplied 515,000 bales, almost 50,000 bales more than imports from all other sources. Cotton entering Italy under P. L. 480 was almost nil.

Kenya-Tanganyika To Double Pyrethrum Output in 1961

Looking like a daisy—actually a chrysanthemum—the pyrethrum bids fair to become the favorite flower in Kenya and Tanganyika.

In 1960, pyrethum producers in these countries totted up $8.5 million from exports and will probably do even better with the 1961 crop, which is expected to double those of recent years. Pyrethrum, an important source of nontoxic insecticide, is now Kenya's fourth most valuable export.

Kenya and Tanganyika supplied 70 percent of the world's pyrethrum in 1961, may well up this figure to 80 percent in 1962. Congo, Ruanda-Urundi, and Ecuador export small quantities but other producers like Japan retain it for home consumption. Not all countries can grow pyrethrum, which requires a relatively cool, frost-free climate. Nor can all countries supply the labor required to hand-pick the flower.

In 1961 Kenya grew 9,600 metric tons, Tanganyika 1,400. Tanganyika now sends all its pyrethrum to Kenya for processing into extract, which has become the principal form for export. However, Tanganyikan production has now grown to the point where home processing is economically feasible, and a processing plant is under construction. By late 1962 Tanganyika should be exporting extract direct.

Major markets in 1960 were the United States with $3.6 million (mostly extract), and the United Kingdom with $2.7 million.

Rhodesia Buying Its Tallow Mostly From Down Under

U. S. tallow exports to Rhodesia have dropped from 7.6 million pounds 5 years ago to 2.2 million in 1960-61.

During this period, New Zealand shipments have shown the greatest gain. Australia's have risen fairly steadily to where the country now has the lion's share of Rhodesia's 16-to-18 million-pound annual tallow trade.

The "why" is in part, of course, the 5-percent tariff advantage enjoyed by Commonwealth countries. Lower shipping costs and time enter in, also the difference between the United States 2½¢-per-pound drumming charge compared with the 1¼¢ charge of Australia and New Zealand.

Red China Buys Much Grain From Canada and Australia

The year 1961 has seen Communist China an urgent buyer of Canadian and Australian grains. Its takings from both countries totaled 153 million bushels of wheat and flour, 46 million bushels of barley, and 4 million bushels of oats.

From Canada, the Chinese bought 66 million bushels of wheat and flour equivalent and 29 million of barley. For purchases in the first half of the year they paid cash; in July-December they bought on credit—25 percent on delivery and the balance in 9 months, all payments to be made in convertible sterling currency.

From Australia, China's purchases were 87 million bushels of wheat and flour equivalent, 17 million of barley and 4 million of oats. Again, the Chinese paid cash in the first half of the year and bought on credit in the second half. Terms were 10 percent on delivery, 40 percent in 6 months, and 50 percent in one year. Thus it is possible that Australian growers will not receive full payment for their 1960-61 wheat crop until at least early 1963.

Canada To Increase Imports Of Feed Grains From U.S.

Canadian livestockmen are expected to step up imports of U. S. oats and corn in 1961-62—mainly because of short supplies of barley and oats due to drought in the Prairie Provinces. Predictions are for Canadian purchases of 10 to 12 million bushels of oats and 25 to 30 million bushels of corn.

More Molasses Traded As Sugar Output Rises

Industrial molasses, a residual product in making centrifugal sugar, has shown a marked increase both in production and trade, as the world's sugar supply has increased.

For the 1960-61 season, world production is estimated at 2,989 million gallons compared to 2,767 million for the previous year. Furthermore, trade in industrial molasses reached a new high in calendar year 1960. The 25 importing countries for which data are available bought 722 million gallons—75 percent above 1957.

First among molasses importers is the United States, which bought 449 million gallons last year. The United Kingdom was second with 80 million, and Japan third with 64 million. Of the 35 exporters, the leaders are Cuba, Mexico, the Philippines, the Dominican Republic, Indonesia, and Jamaica.

Japan Seeks To Augment Trade With South Africa

Japanese Government trade missions have been visiting the Republic of South Africa in an effort to sell more industrial goods and textiles in exchange for South African corn, wool, citrus, and minerals.

Corn is expected to be South Africa's largest export to Japan. The United States is facing growing competition from South Africa, and the latter's share has increased rapidly since it entered that market in 1955. South Africa may also sell some of its surplus sugar to Japan.

Efforts in South Africa are part of Japan's overall market development program in Africa, a program that has already made it the No. 1 supplier of cotton and synthetic textiles in many areas of Africa. Not too long ago Japan sold almost nothing in Africa.

U.S. Gourmets Now Getting Preserved Hong Kong Ducks

Again available in this country to lovers of Chinese cookery are the preserved ducks that used to grace Chinese New Year feasts. Shipments had halted in 1960 when this Oriental delicacy fell afoul of the U. S. Poultry Products Inspection Act.

Article 17 of the act contains regulations affecting the processing and labeling of all poultry and poultry products sold in the United States—including imports. After considerable effort, Hong Kong officials and duck processors worked out a USDA-approved inspection system, and last June the United States agreed to readmit Hong Kong's ducks.

The first shipment left in the fall. However, exporters are going slow until they see whether the new ducks can win back the old markets.

Foreign Walnut Competition Expected To Be Less in 1962

American walnut-growers can expect some decline in foreign competition as a large domestic crop and short crops in France and Italy combine to decrease the margin between domestic and foreign prices. Paradoxically, however, Indian walnut prices are lower despite a smaller crop in that country. U. S. prices are also expected to be kept relatively low by large domestic crops of almonds, pecans, and other tree nuts.

The United States normally imports about 1,800 short tons of French walnut kernels (shelled walnuts) a year, 700 tons of Italian kernels, and smaller amounts from India, Turkey, and Iran. Total walnut imports average 3,800 tons annually, the equivalent of 9,500 tons of unshelled walnuts. Domestic production averages about 73,000 tons of walnuts, in kernel form.

Brazil Signs Trade Pact With Mainland China

Brazil and Mainland China have entered into a 3-year trade agreement. Under the terms of the pact Brazil will sell cotton, rice, wood, coffee, vegetable oils, and some industrial and consumer goods to China in exchange for nonferrous metals, coal, machine tools, silk, and handicraft products.

Except for Cuba, Mainland China has carried on little trade with Latin America. This agreement is expected to expand the framework for trade between the two areas by providing for direct negotiation between the Bank of Brazil and the Bank of China instead of forcing arrangements to go through Hong Kong or London as they did in the past.

Cattle Sale to Peru Marks Colombia's Entry Into Field

Colombia made its debut in the cattle export field with the sale of 1,000 steers to Peru after a year of negotiations. The sale is not expected to interfere with U. S. cattle exports to Peru, since those are primarily breeding stock of Holstein, Brown Swiss, and other dairy types.

Chilean Rice Sold to Cuba In Exchange for Sugar

Chile recently sold 10,000 metric tons of rough rice to Cuba, formerly the United States' No. 1 rice market. Cuba is expected to pay for the rice with proceeds from the sale of about 15,000 metric tons of raw sugar to Chile, 10,000 tons of which has already been shipped.

The rice sales were made by an organization of the Chilean Government as part of its plan to acquire and sell 35,000 tons of surplus domestic rice.

U.S. Rye Exports Increased But Sales Volume Still Low

The United States exported 47 percent more rye in 1960-61 than it had a year earlier. All of the increase, 2.4 million bushels, went to Japan, a country that purchased no rye at all in 1959-60.

The remaining 5.3 million bushels were redistributed: more was sold to Denmark, Poland, Sweden, Canada, and Israel; less, to Western Europe. Western Europe usually produces enough rye to fill its own needs, and exports may decrease still further when EEC restrictions go into effect.

This increase runs counter to the general downward trend in U. S. rye exports. In 1924-25, the highest year on record, the United States exported 50 million bushels; in 1956-57, the postwar peak, exports were 10.7 million. These falling exports were partly caused by falling production.

New Hog Cholera Law May Raise Pork Exports

A new hog cholera eradication campaign is expected to increase U. S. exports of pork and pork products by obviating the reason for bans and restrictions on U. S. pork imports in several countries.

The program, authorized by Public Law 87-209, passed last September, enables the Department of Agriculture to prohibit or restrict interstate movement of "live" hog cholera vaccine, a potential carrier of the disease. At least 12 countries now prohibit or limit pork imports from the United State because of the danger of transmitting the disease to their stock.

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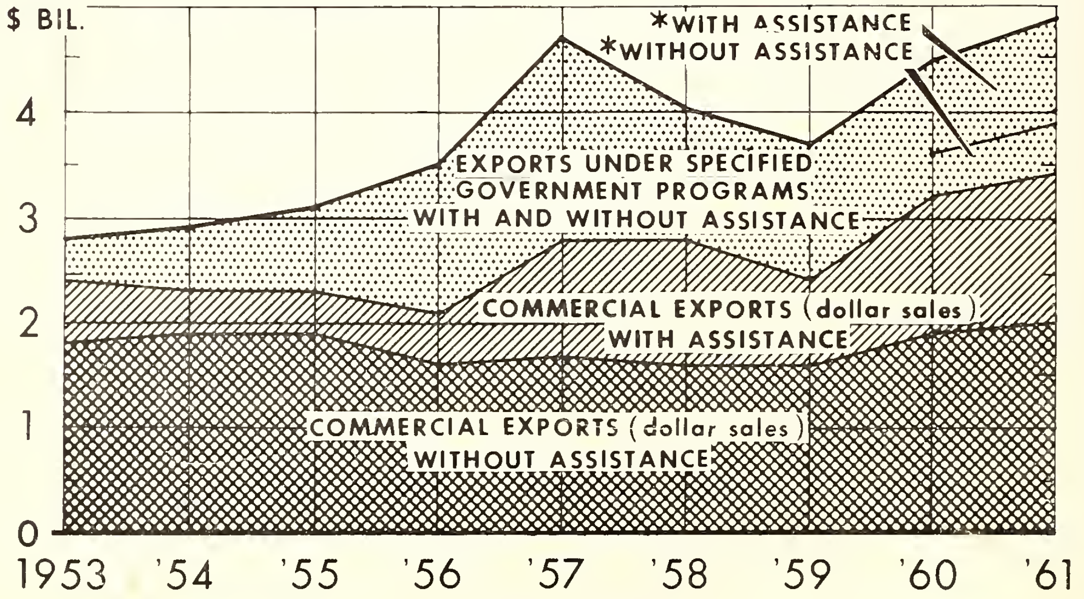
Dollar Sales Account for 69% of Total Farm Exports in 1960-61



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